

TOWNSHIP OF SEBEWA
IONIA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Sebewa</i>	County <i>Sonia</i>
Audit Date <i>3/31/05</i>	Opinion Date <i>7/13/05</i>	Date Accountant Report Submitted to State: <i>8/1/05</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | |
|------------------------------|--|---|
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <i>Barry E. Gaudette, CPA, PC</i>			
Street Address	<i>1107 E. 9th Street</i>	City	<i>Traverse City</i>
Accountant Signature	<i>Barry E. Gaudette, CPA</i>	State	<i>MI</i>
		ZIP	<i>49886</i>

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
List of Elected Officials	1
FINANCIAL SECTION	
Independent Auditor's Report	2-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds	
Balance Sheet With the Statement of Net Assets	7
Statement of Revenues, Expenditures, and	
Changes in Fund Balances - Governmental	
Funds	8
Reconciliation of the Statement of Revenues,	
Expenditures, and Changes in Fund Balances	
of Governmental Funds to the Statement of	
Activities	9
Statement of Fiduciary Net Assets -	
Fiduciary Funds	10
Statement of Changes in Fiduciary Net Assets -	
Fiduciary Funds	11
Notes to financial statements	12-20
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - General	
Fund	21-22
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Building	
Fund	23
COMMENTS AND RECOMMENDATIONS	24

INTRODUCTORY SECTION

TOWNSHIP OF SEBEWA
LIST OF ELECTED OFFICIALS
MARCH 31, 2005

ELECTED OFFICIALS

James A. Stank	Supervisor
Carol Leak	Clerk
LaVern E. Carr	Treasurer
Grayden Slowins	Trustee
Ken David	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Sebewa
Ionia County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Sebewa, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Sebewa, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Sebewa, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township of Sebewa
Independent Auditors' Report
Page Two

As described in Note IV(c), the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Samy E. Andrews, CPA, PC

July 13, 2005

BASIC FINANCIAL STATEMENTS

Township of Sebewa
Government-Wide Financial Statements
Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 342,763
Due from other funds	9,171
Capital assets (net of accumulated depreciation):	
Land and improvements	<u>9,000</u>
Total assets	<u>360,934</u>
 NET ASSETS	
Invested in capital assets	9,000
Unrestricted	<u>351,934</u>
Total net assets	<u>\$ 360,934</u>

See notes to financial statements

Township of Sebewa
 Government-Wide Financial Statements
 Statement of Activities
 For the Year Ended March 31, 2005

<u>Functions</u> <u>/Programs</u>	Program Revenues			
	<u>Expenses</u>	<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u> <u>and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants</u> <u>and</u> <u>Contributions</u>
Governmental activities:				
Legislative General	\$ 15,568	\$	\$	\$
Government	58,578	2,350		
Public safety	61,062			
Public works	60,045			
Parks & recreation	350			
Total governmental activities	\$ 195,603	\$ 2,350	\$	\$

General revenues:
 Property taxes
 Licenses and permits
 State aid
 Interest earnings
 Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$(15,568)

(56,228)

(61,062)

(60,045)

(350)

(193,253)

141,321

500

91,581

4,535

6,147

244,084

50,831

310,103

\$ 360,934

Township of Sebewa
Balance Sheet
Governmental Funds
March 31, 2005

	<u>General</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 190,450	\$ 152,313	\$ 342,763
Due from other funds	<u>9,171</u>	<u> </u>	<u>9,171</u>
Total assets	<u>\$ 199,621</u>	<u>\$ 152,313</u>	<u>\$ 351,934</u>
 FUND BALANCES			
Fund balances			
Unreserved,			
reported in:			
General fund	\$ 199,621	\$	\$ 199,621
Capital improvement fund	<u> </u>	<u>152,313</u>	<u>152,313</u>
Total fund balances	<u>\$ 199,621</u>	<u>\$ 152,313</u>	<u>\$ 351,934</u>

See notes to financial statements

Township of Sebewa
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Governmental Funds
For the Year Ended March 31, 2005

	<u>General</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes & adm. fees	\$ 141,321	\$	\$ 141,321
Licenses & permits	500		500
State aid	91,581		91,581
Charges for services	1,690		1,690
Sale of assets	660		660
Interest earnings	3,279	1,256	4,535
Miscellaneous	6,147		6,147
Total revenues	<u>245,178</u>	<u>1,256</u>	<u>246,434</u>
EXPENDITURES			
Current:			
Legislative	15,568		15,568
General government	58,578		58,578
Public safety	61,062		61,062
Public works	60,045		60,045
Parks & recreation	350		350
Total expenditures	<u>195,603</u>	<u></u>	<u>195,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,575</u>	<u>1,256</u>	<u>50,831</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		20,000	20,000
Transfers (out)	<u>(20,000)</u>	<u></u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>20,000</u>	<u></u>
Net changes in fund balances	29,575	21,256	50,831
Fund balances-beginning	<u>170,046</u>	<u>131,057</u>	<u>301,103</u>
Fund balances-ending	<u>\$ 199,621</u>	<u>\$ 152,313</u>	<u>\$ 351,934</u>

See notes to financial statements

Township of Sebewa
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2005

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - total governmental funds	\$ 50,831
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Governmental funds report capital outlays
as expenditures. However, in the statement
of activities the cost of those assets is
allocated over their estimated useful lives
and reported as depreciation expense. This
is the amount by which capital outlays
exceeded (were less than) depreciation
in the current period.

Change in net assets of governmental activities	<u>\$ 50,831</u>
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See notes to financial statements

Township of Sebewa
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2005

	Cemetery Trust Fund	Tax Collection Fund
ASSETS		
Cash and cash equivalents	\$ 3,671	\$ 544
Due from other governmental units		8,627
Total assets	3,671	9,171
LIABILITIES		
Due to other funds		9,171
Due to other governmental units		9,171
Total liabilities		9,171
NET ASSETS		
Held in trust for other purposes	\$ 3,671	\$

See notes to financial statements

Township of Sebewa
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2005

	<u>Cemetery Trust Fund</u>	<u>Tax Collection Fund</u>
ADDITIONS		
Property tax collections and fees	\$	\$ 795,245
Interest earned		<u>174</u>
Total additions		<u>795,419</u>
DEDUCTIONS		
Payments to general fund		141,321
Payments to other governmental units		<u>654,098</u>
Total deductions		<u>795,419</u>
Changes in net assets		
Net assets - beginning		
Net assets - ending	<u>\$</u>	<u>\$</u>

See notes to financial statements

Township of Sebewa
Notes to the Financial Statements
March 31, 2005

I. Summary of significant accounting policies

The financial statements of the Township of Sebewa (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Ionia County, which advances the Township 100% for the delinquent taxes.

The 2004 taxable valuation of the Township totaled \$27,736,123, on which ad valorem taxes levied consisted of .8390 mills for Township operating purposes and voted millage of 2.0000 mills for road maintenance purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$8,242 to collect the taxes and applicable interest. There was also a special assessment for the fire district of \$54,343.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *capital improvement fund* is a special revenue fund.

The Township reports the following fiduciary funds:

The *cemetery trust fund* is an expendable trust fund. The measurement focus of expendable trust funds is the same as for governmental funds.

The *tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. Receivables and payables

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. Capital assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets

are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Furniture and fixtures	5
Equipment	5

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township of Sebewa does not have any long-term obligations.

6. Fund equity

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Comparative data/reclassifications

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in

the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and the building fund.

6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2005, expenditures exceeded appropriations in the activities of board of review (the legal level of budgetary control) of the general fund by \$14. This overexpenditure was funded by the available fund balance in the general fund.

III. Detailed notes on all funds

A. Deposits and investments

At year-end, the carrying amount of the Township's deposits were \$346,978 (includes \$544 in the Tax Collection Fund and \$3,671 in the Cemetery Trust Fund) and the bank balance was \$401,571, of which \$356,529 was covered by federal depository insurance.

B. Receivables

The Township does not have any material receivables as of March 31, 2005.

C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 9,000	\$ _____	\$ _____	\$ 9,000
Capital assets, being depreciated:				
Buildings & improvements:				
Township hall	25,000			25,000
Cemetery building	4,359			4,359
Cemetery equipment	21,938			21,938
Equipment	<u>20,074</u>			<u>20,074</u>
Total capital assets being depreciated	<u>71,371</u>			<u>71,371</u>

Less accumulated depreciation for:			
Buildings & improvements:			
Township hall	(25,000)		(25,000)
Cemetery building	(4,359)		(4,359)
Cemetery equipment	(21,938)		(21,938)
Equipment	(20,074)		(20,074)
Total accumulated depreciation	(71,371)		(71,371)
Total capital assets, being depreciated, net			
Governmental activities capital assets, net	<u>\$ 9,000</u>	<u>\$</u>	<u>\$ 9,000</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	<u>\$ -</u>
Total depreciation expense-governmental activities	<u><u>\$ -</u></u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfer In:</u>	
Transfer out:	<u>Capital Improvement Fund</u>	<u>Total</u>
General fund	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Total transfers out	<u><u>\$ 20,000</u></u>	<u><u>\$ 20,000</u></u>

The composition of interfund balances as of March 31, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	<u>\$ 9,171</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation).

The Township has purchased commercial insurance for all risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

B. Pension plan

The Township paid \$5,695 to fund a defined contribution pension plan for its salaried employees for the fiscal year 2004/05. The plan is funded by both the employees (25%) and the Township (75%). The pension plan was effective as of April 1, 1984. There is no minimum age or service requirement. Voluntary non-deductible contributions are allowed between 1% to 10% of compensation. Vesting is 100% upon completion of 20 months of service. The vested benefit attributable to employer contributions is available in cash. The normal retirement age is when attaining age 65 or if later on the 10th anniversary of entry date. An optional retirement is permitted any time after age 55.

C. Implementation of new accounting standard

As of and for the year ended March 31, 2005, the Township implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

Required Supplementary Information

Township of Sebewa
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes and related fees	\$ 92,604	\$ 92,604	\$141,321	\$ 48,717
Licenses & permits	800	800	500	(300)
State aid	75,000	75,000	91,581	16,581
Charges for services	1,000	1,000	1,690	690
Sale of assets	500	500	660	160
Interest earnings	1,200	1,200	3,279	2,079
Miscellaneous			6,147	6,147
Total revenues	171,104	171,104	245,178	74,074
EXPENDITURES				
Current:				
Legislative:				
Township board	22,750	22,750	15,568	7,182
General government:				
Supervisor	2,800	2,800	2,800	
Elections	2,000	2,000	1,361	639
Clerk	8,700	8,700	8,700	
Board of review	600	600	614	(14)
Assessor	7,200	7,200	7,200	
Treasurer	10,500	10,500	10,500	
Hall & grounds	3,000	3,000	1,675	1,325
Audit	2,000	2,000	1,900	100
Insurance-group	5,500	5,500	2,881	2,619
Insurance-workmens compensation	1,200	1,200	904	296
Insurance-general	4,500	4,500	3,885	615
Pension	6,000	6,000	4,091	1,909
Payroll taxes	3,500	3,500	2,855	645
Cemetery	10,700	10,700	9,212	1,488
Total general government	68,200	68,200	58,578	9,622

Township of Sebewa
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2005
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
EXPENDITURES (CONTINUED):				
Public safety:				
Fire department	54,386	54,386	54,343	43
Ambulance	8,000	15,000	6,719	8,281
Total public safety	62,386	69,386	61,062	8,324
Public works:				
Drain at large	10,000	10,000	6,771	3,229
Roads	24,487	80,059	53,274	26,785
Total public works	34,487	90,059	60,045	30,014
Parks & recreation:				
Park services	1,100	1,100	350	750
Total expenditures	188,923	251,495	195,603	55,892
Excess of revenues over expenditures	(17,819)	(80,391)	49,575	129,966
OTHER FINANCING SOURCES (USES)				
Transfer (out)			(20,000)	(20,000)
Total other financing sources (uses)			(20,000)	(20,000)
Net change in fund balances	(17,819)	(80,391)	29,575	109,966
Fund balances-beginning	166,119	166,119	170,046	3,927
Fund balances-ending	\$148,300	\$ 85,728	\$199,621	\$ 113,893

See notes to financial statements

Township of Sebewa
 Capital Improvement Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balances - Budget and Actual
 For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 1,000	\$ 1,000	\$ 1,256	\$ 256
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,256</u>	<u>256</u>
EXPENDITURES				
Current:				
Public works:				
Road commission				
Total expenditures				
Excess of revenues over expenditures	1,000	1,000	1,256	256
OTHER FINANCING SOURCES (USES)				
Transfer in			20,000	20,000
Net change in fund balances	1,000	1,000	21,256	20,256
Fund balances- beginning	<u>131,962</u>	<u>131,962</u>	<u>131,057</u>	<u>(905)</u>
Fund balances- ending	<u>\$ 132,962</u>	<u>\$ 132,962</u>	<u>\$152,313</u>	<u>\$ 19,351</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
Fax (231) 946-1377

Members of the Township Board
Township of Sebewa
Ionia County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

It was not necessary to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, PC

July 13, 2005